GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:948
ANSWERED ON:28.07.2000
PROBLEMS IN IMPLEMENTATION OF FDI PROJECTS
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of problems expressed by the National Council of Applied Economic Research regarding the implementation of projects relating to Foreign Direct Investment; and

(b) the action being taken by the government to overcome the problems?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. RAMAN SINGH)

(a) : National Council of Applied Economic Research (NCAER) has, in its study, identified certain issues to be addressed to increase Foreign Direct Investment (FDI) like infrastructure inadequacy, procedural complexities, need to market India as an investment destination, liberalization of policies in the tertiary sector and creation of national consensus on FDI.The report has suggested that India`s performance on the FDI front can be improved provided there is greather liberalization of FDI policy

(b) : In pursuance of its commitment to further liberalizing the FDI regime, Government on review of the policy on FDI, has decided to place, all items/activities under the automatic route for FDI/NRI and OCB investment except a specific negative listGovernment constantly reviews the FDI policy with the objective enhancing India`s attractiveness as an investment destination.Government has set up the Foreign Investment Implementation Authority (FIIA) with the objective of providing a single point interface between foreign investors and the Government machinery both at the Centre and the State level.The short term objective of this Authority is to remove procedural delays in the setting up of the project. The longer term objective is to create an atmosphere congenial to Foreign Direct Investment.